

Testimony of Tom Little-Member of NFIB
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3344 Ravine Road
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RE: Being Considered a Co-Employer with My Franchisor

Thank you Mr. Chairman and members of the committee for letting me come and share my story as it relates to the bills before the committee today - which I support.

My name is Tom Little, owner of ServiceMaster of Kalamazoo, in Kalamazoo Michigan. Our business has been in Kalamazoo since 1953. I purchased the business in 1981. Our business provides janitorial services to businesses and restoration services after a home or business has had a water damage, fire or damage due to mold.

The franchise model was key for my wife and I in 1981 as we made the decision to leave a job with a large corporation and purchase an existing franchise. I was 26 at the time, we owned a home had a 1 year old daughter.

From the time I left college I was motivated to be in more control of my future by owning my own business. The Franchise model has provided us and others the opportunity for a higher probability of success.

At the time of our decision I consulted with my father in law and asked him what he would advise. He told me, look at it this way, if you lose everything, your house and your savings you are young enough to fail and start over. At least you will have taken the chance to own your own business.

With our savings drained we made the plunge and purchased this local franchise. From the beginning I share with others we have the advantages of a national franchise organization along with the benefits of local ownership.

We are motivated to provide exceptional service for our customers because we live and work in the same community, we want to be here for the long haul.

Our company is actually Kal Kleen Inc. We are a C corporation. We do Business as ServiceMaster of Kalamazoo.

There is no advantage in the market place for us to be Kal Kleen. There is an advantage for us to be a part of the ServiceMaster Brand so that when a customer from out of town comes to

Kalamazoo they look for a service we offer and are more likely to utilize our services due familiarity with our brand.

Being a part of a franchise has many advantages. It also has very real risks of ownership that every independent business owner has. Here are just some of the risks as owners we assume in our business:

- **Financing-** my wife and I every year have to renew our line of credit and sign a personal guarantee that if the obligations of the business are not met our personal assets are on the line
- **Providing benefits for our employees-** we not the franchisor provide the benefits like healthcare, paid time off and the compensation packages we offer. This is key for us to recruit and retain the quality of team members that will serve our clients and represent us in the workplace
- **Worker Compensation-** we are highly motivated in our business to maintain a safe work environment for our staff which has a direct correlation on our premiums. The Franchisor has no direct skin in the game. In fact it would work to our detriment to be in the category of co employer with a larger group for workers compensation.
- **Unemployment Insurance-** here again we are highly motivated to manage this area.
- **Basically any function of our business that relates to our employees, the decisions are made within our business by me and my leadership team.**
- **Decisions made outside of our business related to employees because we were considered a co employer with our franchisor would seriously restrict and inhibit our ability to recruit and retain the quality local staff we need to run our business.**

We currently now employee 130+ employees, the uncertainty of being considered a co-employer because of the NLRB's actions will impact our decision to pursue growth, hire more employees, invest in more equipment and vehicles. Basically, this NLRB decision removes the reason I became a business owner in the first place.

We have all heard the statistics of new business failure rates. I would encourage you to do what you can to maintain the franchise model as it is today. Help keep the opportunity for those who have a dream and vision to own a business to still be able to consider a franchise as an option for them.

Thank you for the opportunity to share my story with you and please support these bills.